

# The Estates *at Crossroads*



2620 NORTH BERKELEY LAKE ROAD NORTHWEST | DULUTH, GEORGIA 30096

## THE PROPERTY

- A 344 unit gated, garden-style apartment community completed in 2002; the property is situated on approximately 22 acres and is comprised of thirteen 3 and 4 story buildings offering 1, 2 and 3 bedroom units.
- The residents enjoy the private and secluded community with upscale amenities including two tennis courts, fitness center, resort-style pool with sundeck, clubhouse with business center and coffee bar, fire pit, walking trail coffee bar and playground.
- Excellent location with easy access to both I-85 and Highway 316 provides residents with short commutes to downtown Atlanta and all major employment hubs.

## THE INVESTMENT OPPORTUNITY

- To capitalize on a market that has experienced high occupancy rates created by strong employment growth and a lack of new apartment supply.
- Atlanta ranked #1 in 2014 for “America’s Top States for Business” by CNBC.
- Over 55 million square feet of office space and an abundance of retail and entertainment options are within 15 miles of the property.
- The area surrounding The Estates has been a growth area for the county; Duluth has outperformed the Atlanta MSA in population and household formations and has a higher renter population.

This material does not constitute an offer and is authorized for use only when accompanied or preceded by a definitive confidential private placement memorandum. Reference is made to the memorandum for a statement of risks and terms of the offering. The information set forth herein is qualified in its entirety by the memorandum. All potential investors must read the memorandum and no person may invest without acknowledging receipt and complete review of the memorandum.

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## BUSINESS STRATEGY

The Master Tenant objectives will be to (i) make fixed rent payments and percentage rent payments, (ii) maximize rental increases, 'other income' and occupancy, (iii) improve new lease closing ratios and resident retention, (iv) reduce operating expenses, and (v) prepare the property to be sold when the market dictates.

### Risks

All real estate investments have risks. There is no assurance that some or all of these objectives will be met. There are substantial risks in any Investment Program. See "Risk Factors" in the accompanying Private Placement Memorandum for a discussion of the risk relevant to this offering.

### Maximize Revenue & Occupancy

- Implement aggressive marketing campaigns to reach out to local corporations, businesses and vendors to obtain referrals, activity sponsorships and reciprocal business opportunities.
- Enhance the Project's website and internet marketing by engaging an internet firm specializing in website design and search engine optimization. The utilization of a search engine optimization firm will improve the Project's online presence resulting in more cost efficient and cost effective marketing. The firm will design and develop a new website and provide community-tailored paid internet search advertising campaigns.
- Install a state-of-the-art computerized revenue management program that collates market and submarket data and establishes daily pricing for all units based on a number of primary factors including inventory, days on market, move-in date and location. This type of computerized revenue enhancement system is gaining wide acceptance in the multi-family management industry as being a cost effective software program that will manage pricing in an effort to increase the financial performance of the Project.

- Introduce and monitor more aggressive increases in other income items to maximize recovery of utility costs, trash removal fees and pest control fees.
- Introduce and monitor more aggressive increases in other income fees such as administrative fees, application fees, transfer fees, pet deposits and pet rent.

### Planned Improvements

- A full roof replacement with dimensional design roof shingles.
- A full exterior paint at the property and all necessary wood replacements.
- Enhance the curb appeal and reduce maintenance costs by installing new landscaping throughout the property.
- Make repairs and replacements to the pool area(s) including deck and pool resurfacing, installation of new decorative pool tiles, installation of an outdoor kitchen, and installation of new contemporary pool furniture.
- Renovation of the existing clubhouse, office(s), business center, and fitness center including implementation of a new paint color scheme as well as installation of new contemporary furniture, art work, fitness equipment and design accessories.
- Resurfacing and drainage installation of the tennis courts.

### Improve New Lease Closing Ratios & Resident Retention

- Hire a nationally recognized third-party property management company to oversee an on-site management team of experienced and enthusiastic professionals.
- Install a lease management system that targets the number of monthly lease expirations to approximately 10% of the units.
- Install a reputation management system that enhances

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the property's on-line rating scores on industry rating sites as well as multiple search engine rating sites. In today's technology driven market, a property's on line rating scores are critical search components for prospective residents.

- Conduct weekly meetings between the Master Tenant's asset manager(s) and the regional third-party staff reviewing performance reports including, but not limited to, new leasing activity, retention activity, pricing matrix, marketing programs and capital projects.
- Hold regular resident functions to foster a sense of community thereby increasing tenant retention.

## Implement Asset Management Programs

- Maximize occupancy through implementation of a multi-platform marketing program including a focus on website and internet advertising, utilization of print media if applicable and development of new marketing brochures, signage, banners, leasing materials and website.

- Leverage "economy of scale" cost effective pricing structure on contractor and vendor services, insurance and maintenance supply inventory.
- Perform annual competitive bidding of contracts and services.
- Implement an annual property tax review and appeal program utilizing recognized national and/or local area tax consultants.
- Implement an annual property insurance review utilizing recognized national insurance agencies.



**ATLANTA, GEORGIA**

Atlanta is the state capital of Georgia and has a current population of approximately 5.630 million. The Atlanta metropolitan area is the 10th largest metro economy in the United States by real GDP and the largest in the South, yet living and business costs compare with metros of smaller size. A diverse industrial structure, strong population growth, reasonable business costs, and high educational attainment lift Atlanta’s growth potential above the nation’s. Also, its status as a major transportation and logistics hub makes the metro economy a vital player in the South (PNC 3rd Quarter 2015).

According to Moody’s, which published an economic profile of the region in March 2015, the Atlanta-Sandy Springs-Roswell GA Metropolitan Statistical Area (the “Atlanta MSA”) “is riding the cyclical wave lifting the nation, thrusting itself toward expansion.” Moody’s projects the Atlanta MSA employment growth rate will outpace the national growth averaging 2.0% annually over each of the next 6 years compared to the corresponding projected U.S. employment growth rate of 1.3% during the same time period. Personal income growth in Atlanta has outpaced the corresponding national growth over the last several years and is projected to continue into the foreseeable future.

In 2014, CNBC ranked Georgia number 1 with the nation’s best workforce and infrastructure. Mercedes-Benz also recently announced it will be moving its U.S. headquarters to Atlanta, stating “Atlanta’s rising attraction as a cosmopolitan enclave for international corporations and its lower cost of living” as some of the factors for the move.

**Local Sub-Market**

The Estates at Crossroads is located in Duluth, a suburb of Atlanta within Gwinnett County. Duluth is located approximately 25 miles northeast of Atlanta and is recognized as a model city for Gwinnett County. It is poised with a perfect blend of small businesses, entrepreneurial enterprise, major corporations and visionary developers.

Gwinnett County has become an economic powerhouse, leading the Atlanta metro area in job creation in 2013 and 2014 as the City’s hub for technology, bioscience and innovative companies of the

future. According to Fortune, there are 3 Fortune 500 companies headquartered in the City of Duluth: (i) AGCO Corporation, (ii) NCR and (iii) Asbury Automotive Group. Other nearby employment centers include the major office markets of Johns Creek, Alpharetta and Perimeter Center. The Estates at Crossroads provides convenient access to these and all of North Fulton’s booming technology, telecommunications, and healthcare office centers.

Numerous new and upcoming developments are occurring in Duluth, adding to Duluth’s growing economy including the Jacoby Atlanta Media Campus - a 125-acre mixed-use development, anchored by what is expected to be the fourth largest movie studio lot in the nation.

According to Nielsen Company, the Atlanta MSA population has grown 6.49% between 2010 and 2015, compared to 12.32% for the 1-mile radius surrounding The Estates for the same time period. Nielson Company also reports that the local area is better educated than the overall Atlanta MSA and the 1- and 3-mile radii neighborhoods surrounding the Project have a higher relative renter population compared to the Atlanta MSA.

**ATLANTA’S TOP 15 EMPLOYERS**

Rank	Employer	Employees
1	Delta Air Lines, Inc.	27,000
2	Wal-Mart Stores, Inc.	26,000
3	AT&T	19,000
4	Emory University	17,994
5	Publix Supermarkets	9,453
6	The Home Depot U.S.A. Inc.	9,000
7	Emory Healthcare	8,648
8	Centers for Disease Control	8,639
9	WellStar Health System Inc.	8,583
10	The Coco-Cola Co.	8,000
11	Georgia Institute of Technology	7,843
11	Lockheed Martin Aeronautics Co.	6,200
13	Children’s Healthcare of Atlanta	7,572
14	Coreslab Structures	7,571
15	SunTrust Banks, Inc.	6,917

Source: Moody’s Analytics Précis U.S. Metro Report – March 2015



## DEMOGRAPHICS

	Atlanta MSA	1-Mile	3-Mile	5-Mile
2010 – 2015 Population Growth	6.49%	12.32%	8.72%	8.01%
2015 – 2020 Population Growth	5.91%	9.76%	7.13%	6.81%
2015 Estimated Population	5,629,693	10,128	78,493	222,063
Average Age	36.6	35.4	34.8	34.2
% of Age 25+ w/College Deg.	41.89%	48.73%	45.05%	43.39%
Prime Rental Age 18-34	23.19%	24.57%	25.88%	24.97%
Average Household Income	\$76,940	\$55,587	\$64,639	\$72,472
% of Households > \$100K Income	23.89%	11.54%	17.13%	20.84%
Median Home Value	\$183,124	\$163,763	\$181,774	\$185,348

Source: The Nielsen Company, 2015

## SUPERIOR AMENITIES

### Unit Amenities:

- Handicap Accessible Units\*
- Ceiling Fans
- Custom Cabinetry
- Ceramic Tile Flooring
- Nine Foot Ceilings
- Private Balcony
- Private Patio
- Modern Style Design
- Large Walk-in Closets
- Full-Size Washer/Dryer Included
- Garden Tubs
- Breakfast Bar

### Community Amenities:

- Club House
- Guest Suite for Visitors
- Fitness Center
- Detached Private Garages
- Gated Electronic Entrance
- Online Rental Payments
- 24-hour Maintenance Response
- Pet Friendly
- Playground
- Recycling Center
- Resort Style Pool
- Storage Available
- Tennis Court
- WiFi Available
- Bark Park
- Nature Trail
- Sundeck w/ Grilling Area
- DVD Library

\* in select units

## UNIT MIX

UNIT TYPE	Units	% of Total	Sq. Ft./Unit	Total Sq. Ft.
1BR/1BA	66	19.2%	753	49,698
1BR/1BA	18	5.2%	854	15,372
1BR/1 BA	54	15.75%	864	46,656
2BR/2 BA	38	11.0%	938	35,644
2BR/2 BA	3	0.9%	967	2,901
2BR/2 BA	86	25.0%	1,082	93,052
2BR/2 BA	49	14.2%	1,152	56,448
2BR/2 BA	6	1.75%	1,175	7,050
3BR/2 BA	24	7.0%	1,358	32,592
<b>Total/Average</b>	<b>344</b>	<b>100%</b>	<b>987</b>	<b>300,053</b>

## FLOOR PLAN SAMPLES



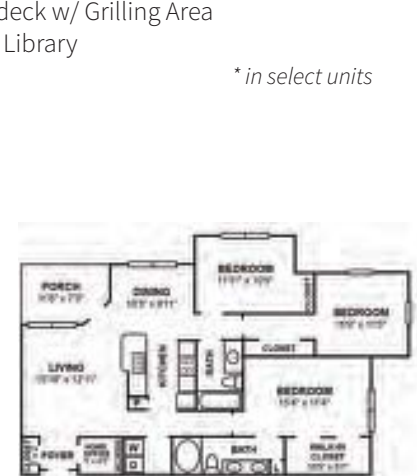
1 Bedroom / 1 Bath



2 Bedroom / 2 Bath

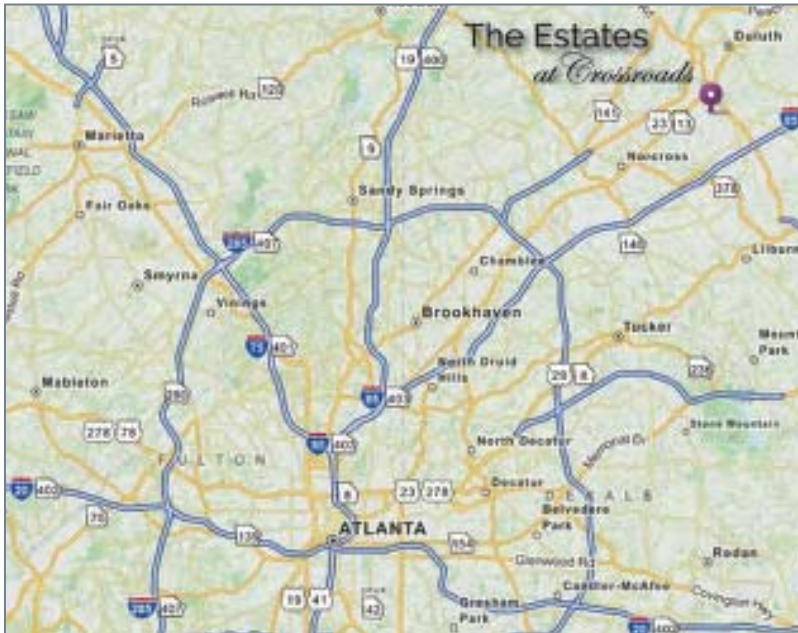


2 Bedroom / 2 Bath



3 Bedroom / 2 Bath

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The Memorandum contains more complete information regarding the investment including the following risk factors:

- There will be no public market for the Interests.
- There is no specified time that the investment will be liquidated.
- Delaware Statutory Trusts are a relatively new vehicle for real estate investment and are inflexible vehicles to own real property.
- Investors will have no voting rights and will have no control over management of the Trust or the Project.
- There is no guarantee that investors will receive any return.
- Distributions may be derived from sources other than earnings.
- The Project will be subject to a Master Lease with an Affiliate of the sponsor.
- The Project will be subject to the risks generally associated with the acquisition, ownership and operation of real estate including, without limitation, environmental concerns, competition, occupancy, easements and restrictions and other real estate related risks.
- The Project will be leveraged.
- The Manager, the Master Tenant and their Affiliates will receive substantial compensation in connection with the Offering and in connection with the ongoing management and operation of the Project.
- The Manager, the Trust, the Master Tenant and their Affiliates will be subject to certain conflicts of interest.
- An investment in the Interests involves certain tax risks.



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